

**EXHIBIT 123 TO
HARVEY DECLARATION
REDACTED VERSION**

Produced in Native

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WORK IN PROGRESS

Project Big Bang: Compensation Levers to Address Attrition

OC Meeting #2: August 31, 2010

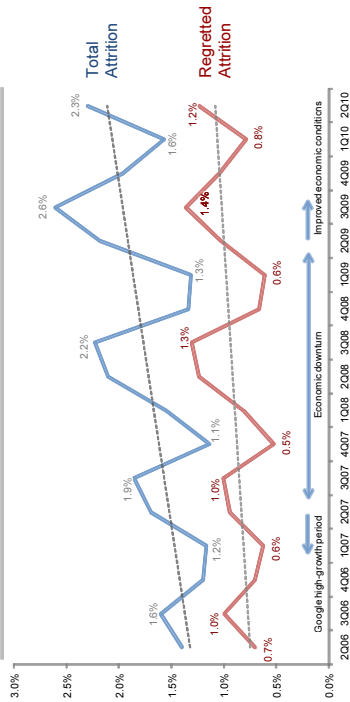


Agenda

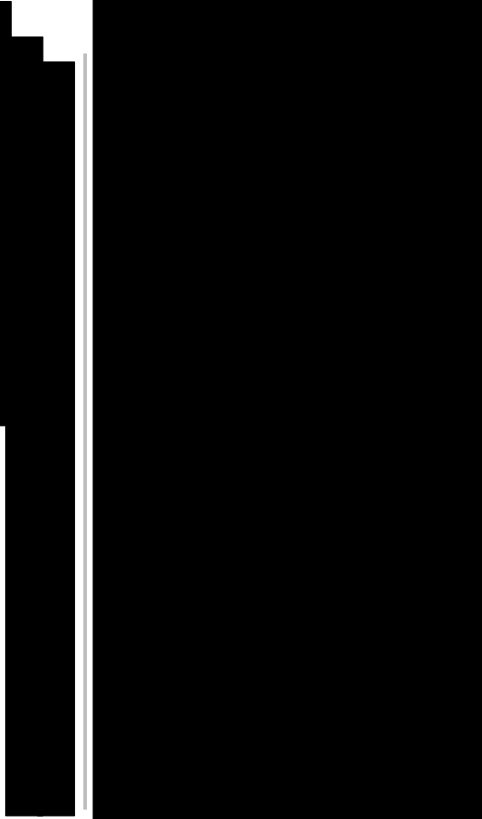
- OC discussion on acceptable level of regretted attrition, pay mix and magnitude
- Review strawman model and gather feedback
- Confirm appropriate next steps (e.g., additional research / analysis)

Attrition remains a growing concern

Overall quarterly attrition is increasing, with 4Q trailing total at [REDACTED] (regretted at [REDACTED])



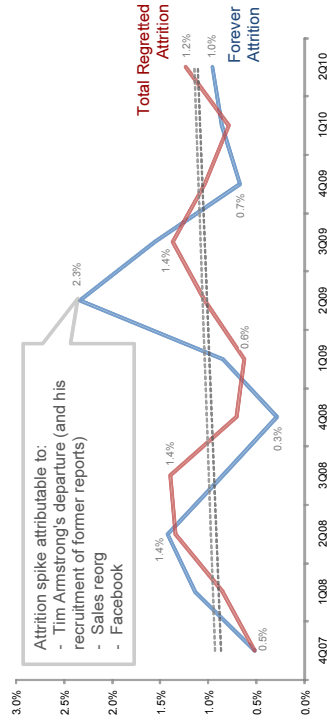
Facebook counteroffer win rate



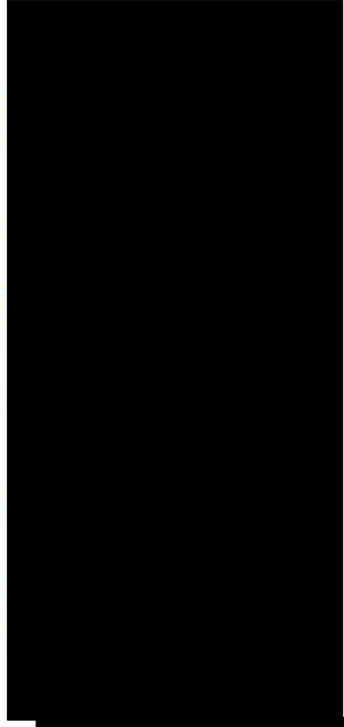
1Q07 2Q07 3Q07 4Q07 1Q08 2Q08 3Q08 4Q08 1Q09 2Q09 3Q09 4Q09 1Q10 2Q10 3Q10



Forever attrition generally tracks to broad regretted with 4Q trailing at [REDACTED]



In the past year, the majority of Eng/Ops and Product regretted exits left for [REDACTED]



OC Discussion:
What is an acceptable level of regretted attrition?

Attrition could be partially mitigated through compensation levers



Compensation Lever	Guiding Principles Discussion	Proposal & Rationale
[REDACTED]		

1. Conjoint 2008 2. Googlegeist 2009 3. Ruff 2010: Employees on avg save ~25% independent of current salary, across all levels 4. Post Jul'09 aggressive FB strategy: n = 16 5. Sales critical talent program made increases on 1-Jan-10 to 149 participants: [REDACTED] retention to date (4 attrites)

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New proposal may reduce attrition and provides meaningful salary increases while limiting margin impact and keeping cost neutral



OC Asks				
Proposal	Salary	Bonus	Equity Refresh	Total Comp
Google Impact				
Spend & Op Margin Impact				
Retention Hook				

1. Operating margin impact reflects 2010 forecast as of July 7; revenue = [REDACTED], non-GAAP operating margin = [REDACTED], operating margin = [REDACTED]
 2. Subject to Board approval

For call discussion – not for OC deck



▼ INPUTS

Perf Rating	Current IM	Proposed IM
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All monetary amounts in 000s USD
Assumes CM = [redacted]

1 3 3.1 3.5 4 4.5
2.0 3 3.4 3.9 4.4 5



1. Using average of ratings from Q3 2009 - Q2 2010

For call discussion – not for OC deck



2010 Equity Spend¹

Equity Program	Vehicle (ratios in options : GSUs)	YTD Spend	Remaining Dilution ²	Expected Spend ³	Surplus Dilution	Surplus Value ⁴
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[REDACTED]						
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- 1) Dilution assumes total common stock outstanding of [REDACTED] shares at the end of 2010
- 2) Assuming a stock price of [REDACTED] and all remaining grants are in GSUs, [REDACTED] remains in the equity budget
- 3) Expected spend from August 18, 2010 to December 31, 2010
- 4) Expected surplus at the end of the year given proforma projection of equity spend through 12/31/2010

Example compensation mechanics impact under cash and equity bang to SWE ladder



Software Engineer
US Premium, Individual Contributor

TODAY vs. PROPOSED: Annual Compensation (excl. Equity)

	TODAY: Est. Annual Comp	PROPOSED: Annual Compensation	% Δ
(cashflows in \$000s)			

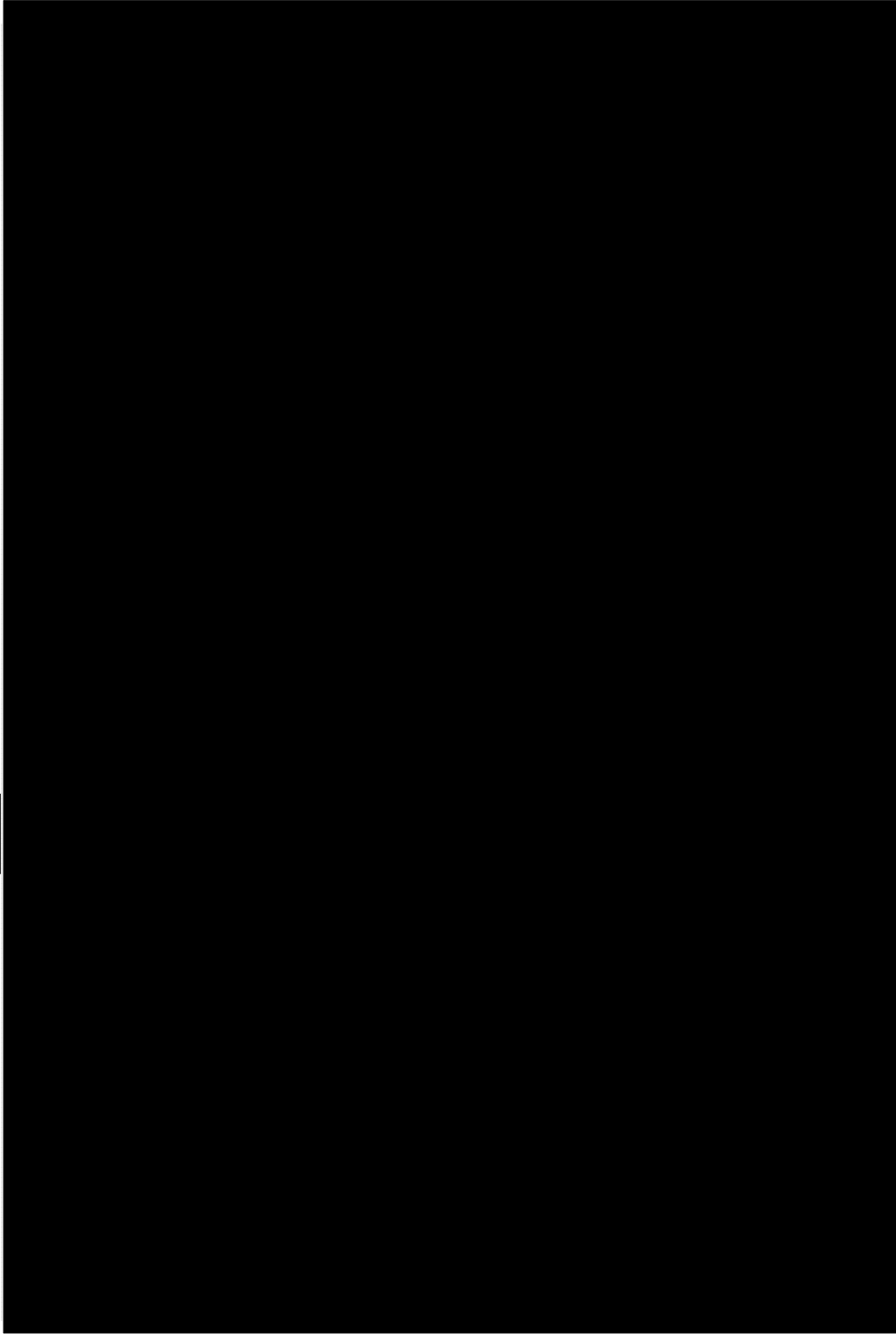
TODAY vs. PROPOSED: Annual Compensation (including [REDACTED] and [REDACTED])

(cashflows in \$000s)

1. CM of [REDACTED] reflects lowest historical Company Multiplier; Individual Multiplier =

TBD: New IM curve

Pay is skewed towards exceptional performers with discretionary cash and equity opportunity [REDACTED] average Googler)



Considerations to address during future OC meetings



Risks

- [Redacted]
- [Redacted]

Implementation Considerations

- Board
 - [Redacted]
 - [Redacted]
- Revamping Compensation Systems
 - [Redacted]
 - [Redacted]
 - [Redacted]
 - [Redacted]
- People-Related Issues
 - [Redacted]
- Legal and Regulatory Issues
 - [Redacted]
 - [Redacted]
 - [Redacted]

Appendix

Our proposed equity guidelines are changing by the same percent consistently by function



The chart below highlights impact of proposed guideline targets on each of Google’s current US equity guideline families

(values in \$000s)

Level	Equity Mult. As % of Current Guideline	Old "T" / Guideline - 95		Old "O" / Guideline - 5		Old "E" / Guideline - 11		Sales	
		Full-Value Equity		Full-Value Equity		Full-Value Equity		Full-Value Equity	
		Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed

Google's equity dilution sensitivity to stock price and headcount growth

NOT READY FOR REVIEW:
Need to add charts



TBD: INSERT DILUTION IMPACT OF EQUITY BANG

DO WE WANT TO INCLUDE THIS SLIDE IN THE APPENDIX WE HAND OUT TO OC?



The median annual dilution of our competitors is ~1.65%

Competitor Business Performance & Equity Dilution Detail

Company ¹	Last 1-Year Growth		Fair Value Transfer				Market Assessment			
	EEs Revenue	Mkt Cap	Total Value	Last 1-Year Growth	% Options	% RSUs	FVT as % of Mkt Cap	Annual Dilution	FVT per EE (Broad)	FVT per EE (New Hire)
Company ¹	22%	(43%)	\$374.3 M	(47%)	0%	100%	1.70%	1.70%	\$18.1 k	\$33.3 k
	48%	(25%)	\$1,146.0 M	77%	51%	49%	1.13%	1.61%	\$35.8 k	\$65.9 k
	7%	(27%)	\$1,768.3 M	6%	86%	14%	1.37%	2.89%	\$26.7 k	\$49.2 k
	(7%)	(55%)	\$247.3 M	(59%)	31%	69%	1.33%	1.59%	\$3.2 k	\$5.9 k
	5%	(59%)	\$504.3 M	(4%)	34%	66%	2.82%	3.66%	\$31.1 k	\$57.3 k
	12%	(46%)	\$309.2 M	(13%)	56%	44%	1.47%	2.44%	\$7.3 k	\$13.5 k
	87%	(30%)	\$988.4 M	46%	17%	83%	1.07%	1.34%	\$3.1 k	\$5.7 k
Hewlett Packard	(3%)	(47%)	\$625.2 M	(39%)	23%	77%	0.77%	1.04%	\$7.5 k	\$13.7 k
	3%	(25%)	\$386.0 M	(31%)	0%	100%	0.34%	0.34%	\$1.0 k	\$1.8 k
	15%	(9%)	\$2,475.9 M	24%	0%	100%	0.99%	1.10%	\$27.2 k	\$50.1 k
	2%	(17%)	\$547.2 M	19%	100%	0%	0.56%	1.38%	\$6.4 k	\$11.7 k
	20%	3%	\$822.4 M	45%	100%	0%	1.16%	3.10%	\$53.4 k	\$98.3 k
	2%	(56%)	\$312.5 M	14%	62%	38%	3.81%	4.12%	\$9.0 k	\$16.5 k
	(5%)	(45%)	\$270.2 M	(62%)	25%	75%	1.59%	1.82%	\$19.9 k	\$36.6 k
Sun Microsystems	40%	(11%)	\$1,581.6 M	46%	96%	100%	2.48%	3.49%	\$34.4 k	\$63.3 k
	19%	(25%)	\$946.9 M	22%	60%	82%	1.56%	2.78%	\$27.1 k	\$49.8 k
	6%	(37%)	\$525.7 M	1%	33%	67%	1.25%	1.65%	\$13.5 k	\$24.9 k
	2%	(47%)	\$327.9 M	(37%)	18%	40%	1.01%	1.35%	\$6.6 k	\$12.2 k

1) All peer market data as of last FYE

** New Hire FVT per EE not publicly available on a per company basis. Per Radford LTI data and Buck Consulting's 2006 Long-term Incentive Survey, Custom Peer Company Cut, a ratio of 1.84x new hire to ongoing equity applied

Slide Graveyard

Both proposals are total spend cost-neutral (\$6.1B); however, cash spend and margin impact varies



NOT READY FOR REVIEW:
Numbers need to be updated

Component	Current	Equity Bang
Salary		
Bonus		
Discretionary Bonus		
Total Cash		
Op Margin Impact ¹		
Equity Budget ²		
Total		

1. Operating margin impact reflects 2010 forecast as of July 7; revenue = , non-GAAP operating margin = , operating margin =
2. 2010 actual dilution estimated at
3. Subject to Board approval

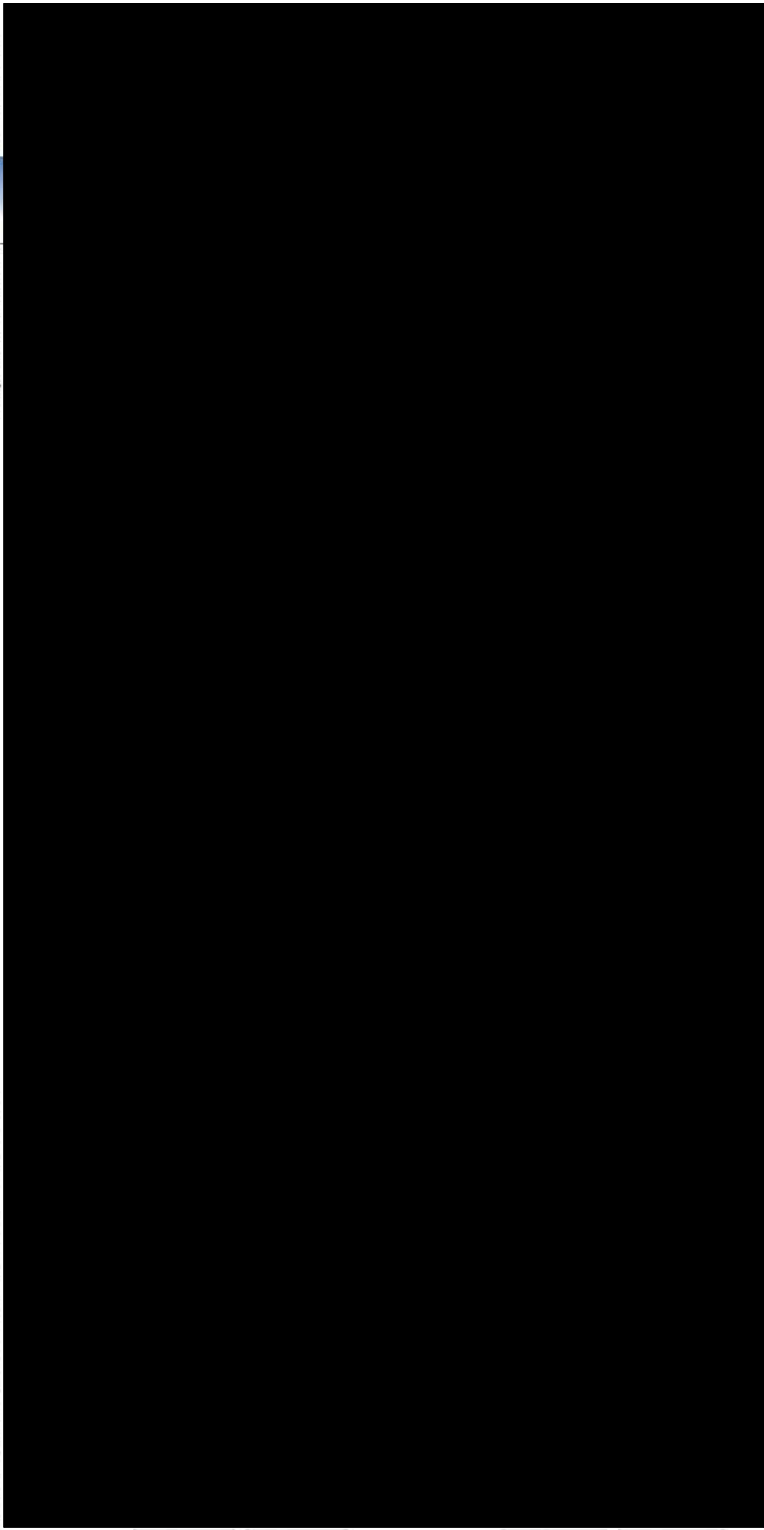


Who is leaving?

- Regretted attrition generally increases with tenure; there appears to be opportunity at the 2 year mark
- With the exception of G&A, there is not a marked difference in overall attrition by job level

Regretted Attrition (7/31/09 - 7/31/10)

Key: Function Min Function Max



Source: PeopleView Attrition Dashboard Includes voluntary regretted terms from 7/31/09 – 7/31/10.
People Analytics

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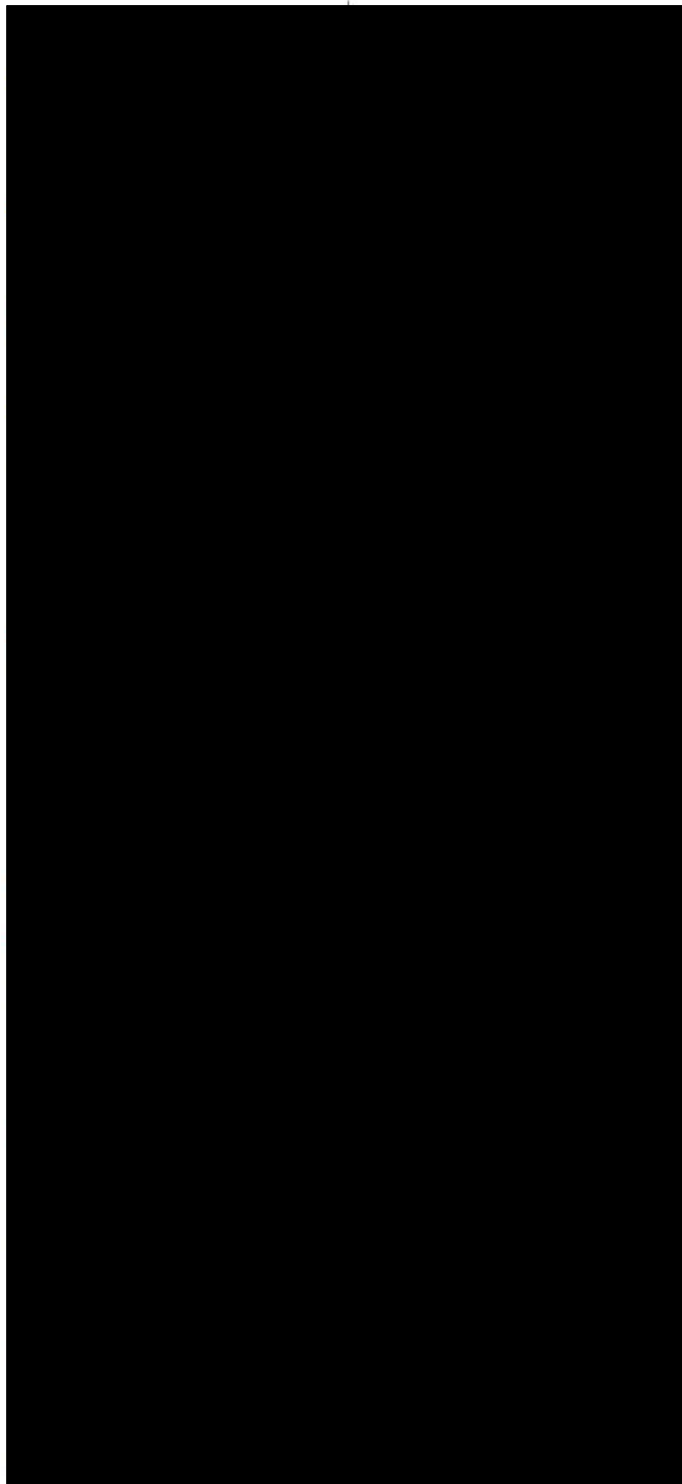
Where are they going?



- In the past year, the majority of Eng/Ops and Product regretted exits left for small companies or start ups
- This is the case irrespective of the profile of hire (whether they joined Google from a small, med, or large company)

Option after Leaving Google 7/31/09 – 7/31/10 regretted terms

Eng/Ops & Product Regretted Exits where they came from & left to by company size



Source: PeopleView Attrition Dashboard Includes voluntary regretted terms from 7/31/09 – 7/31/10.

People Analytics

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Two proposals address attrition via compensation, but the primary pay vehicle (cash, equity) varies for each



	Cash Bang	Equity Bang
"Wow" Factor		
Salary		
Bonus Targets		
Company Multiplier		
Equity Refresh		
Total Cost		
Op Margin Impact		
Improve Pay Predictability		
Implementation		